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LANSING

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Analysis of Enrolled Senate Bill 1273

Topic: Consumer Information Regarding Residential Builders
Sponsor: Senator Sanborn
Committee: Senate Economic Development, Small Business & Regulatory Reform
House Regulatory Reform
Date Introduced: May 17, 2006
Date Enrolled: December 15, 2006
Date of Analysis: December 11, 2006

Position: The Department of Labor & Economic Growth supports the bill.

Problem/Background: Earlier this year, there was statewide attention from the news media about problems with residential builders and maintenance and alteration contractors who scam homeowners with financial fraud and/or incompetent construction techniques. Unscrupulous builders and contractors cause great financial harm to unsuspecting consumers, whose homes are often the biggest financial investment they ever make.

The attention prompted increasing scrutiny of residential builders' regulation and this bill is one of a package of bills designed to promote greater public protection and create greater accountability for residential builders and maintenance and alteration (M & A) contractors.

Description of Bill: This bill is designed to require residential builders to provide a copy of the Department's pamphlet entitled "Home Repair and Remodeling" along with a contract, at the time of signing. This provides consumers with information they need to know when dealing with a licensee. There would be administrative penalties for failure to provide this information to the consumer, if the builder is found in violation of other provisions of the Occupational Code.

Summary of Arguments:

Pro: This bill, as part of a package of bills, would increase the professionalism of the building profession, and require builders to provide additional information designed to protect consumers.

The bill also helps licensees by notifying consumers of their responsibilities as well as their rights when dealing with a contractor, and provides proof that this information was provided by the licensee.

Con: The bill is unnecessary. The text of the brochure mandated by the bill is already published by the department and posted on its web site.

Fiscal/Economic Impact

(a) Department: There are no immediate costs to the department.

Budgetary: None at this time.

Revenue: None.

Comments: With the language of the pamphlet set in statute, any updates or changes to the language in the pamphlet would require rulemaking to change them. This requires costs to the department, including public notices and public hearings to provide changes as simple as a telephone number or address change.

(b) State: None.

Budgetary:

Revenue: None.

Comments:

(c) Local Government: None.

(d) Other State Departments: None.

Administrative Rules Impact: Administrative rules would be required to change any language in the pamphlet required by the bill. This could also cause delays in providing correct information to consumers, as this process could take up to a year.